

EX. K-1

Acceptance Letters--Payment Due the United States under the
Compromise

Letter to the Proponent

Re:

Dear Mr./Mrs./Miss/Ms. [Name]:

This refers to your offer dated _____, submitted
on behalf of _____ to settle the [above-
entitled case(s)] [Internal Revenue Service's claim asserted in
the above-entitled case(s) [against _____
for [_____ (tax(es)) [Section 6672 penalty with
respect to (name of corporation) _____] for
the period _____] [against (describe the particular
fund or property which is the subject of the settlement _____
_____]] on the following basis:

This offer has been accepted on behalf of the Attorney
General [on condition that payment be made within 30 days from
the date of this letter] [and] [with the understanding that (no
part of the payment is deductible for federal income tax
purposes) (this settlement does not constitute a compromise of
the tax liability of _____)]. 1/ The [Acting]
[Chief] [District] Counsel, Internal Revenue Service, [and the
United States Attorney] [has] [have] been notified of this
action.

[Please deposit with this office within 30 days of the date
of this letter [unless offer or condition specifies different
date] a cashier's or certified check payable to the "Internal
Revenue Service" in the amount of \$_____] and bearing a

1/ Ideally, the timing of the payment should be covered in the offer, and, if not in the offer, in the
acknowledgment letter. There is a danger in imposing a condition to the acceptance since, in
effect, it constitutes a counteroffer and, thus, there may not be a binding contract. On the other
hand, if the timing of the payment is not covered in the offer or by a condition of acceptance,
payment may not be made until some time in the distant future. Generally, payment should be
required within 30 days. Similarly, it is preferable that the matter of attorneys fees and
nondeductibility of the payment be resolved by the acknowledgment letter.

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notation as to the taxpayer's (social security number) (identification number).] 2/ [The first installment payment under the settlement is due on _____. That payment and each succeeding payment (also) should be by a cashier's or certified check payable to the "Internal Revenue Service" and bearing a notation as to the taxpayer's (social security number) (identification number) and (also) should be sent to this office.]

[OR]

[The first installment payment under the settlement is due on _____. That payment and each succeeding payment (also) should be by a cashier's or certified check payable to the "Internal Revenue Service" and bearing a notation as to the taxpayer's (social security number) (identification number). The first installment payment should be sent to this office, and each succeeding payment should be sent to the Internal Revenue Service, (P.O. Box _____, (address) _____, (city) _____, (state) _____ (zip code) _____). Attention: _____.]

[The payments required under the collateral agreement (also) should be sent to the Internal Revenue Service, [(P.O. Box _____), (address) _____, (city) _____, (state) _____ (zip code) _____]. Attention: _____] [at the above address].]

[There are enclosed an original and one copy of a stipulation for dismissal of [the above-entitled case(s)] [the Internal Revenue Service's claim described above] with prejudice. Please execute the original and return it to this office. Upon receipt of the amount due, we will execute the stipulation and file it with the court, returning an executed copy to you.] [After receipt of the amount due, the Internal Revenue Service will [release the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) _____ from the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case].] 3/

2/ See Tax Division Settlement Reference Manual, Chapter V, Part D, for directions as to where payments should be sent.

3/ A lien should be released only when the tax liability is going to be totally extinguished as a result of the settlement. On the other hand, property should be discharged from the lien when the lien will no longer attach to that property as the result of the settlement, but will otherwise remain

[OR]

[There are enclosed an original and one copy of a stipulation for entry of judgment in the Government's favor (for the full amount of its claim). 4/ Please execute the original and return it to this office within 30 days of the date of this letter for filing. We will request the clerk to forward to the parties a copy of the judgment when it is entered. Upon receipt of the total amount due under this settlement [including amounts due under the collateral agreement], we will file a satisfaction of judgment with the court [and the Internal Revenue Service will [release the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) _____ from the lien(s) against (name of taxpayer) _____] _____ for the [tax(es)] [penalty] at issue in this case].5/

Sincerely yours,

[NAME OF ASSISTANT ATTORNEY GENERAL]
Assistant Attorney General
Tax Division

By:

[NAME OF CHIEF OF SECTION]
Chief, _____ Section

Enclosures

cc: United States Attorney

[District] [Chief] Counsel

[April 1995]

in full force and effect.

4/ If the settlement is based solely on collectibility, judgment should be entered for the full amount of the Government's claim, plus interest, the judgment to be marked satisfied when the total amount to be paid in compromise, including amounts due under a collateral agreement, has been received.

5/ See footnote 3.

Acceptance Letters-- Payment Due the United States Under the
Compromise

Letter to [District] [Chief] Counsel

Re: _____
Your ref:

Dear Mr./Mrs./Miss/Ms. [Name]:

There is enclosed a copy of our letter of this date advising the [proponent] [United States Attorney] of the acceptance of the offer to compromise [the above-entitled case(s)] [the Internal Revenue Service's claim asserted in the above-entitled case(s)] [against _____ for [_____ tax(es) for period(s)] [Section 6672 penalty with respect to (name of corporation) _____] [against (describe the particular fund or property which is the subject of the settlement)_____]. The terms of settlement are set forth in our letter to the [proponent] [United States Attorney].

You are hereby authorized and directed to take appropriate action to reflect the settlement of this matter in your records and to carry out its terms [, including, at the appropriate time, [the release of the lien(s) against (name of taxpayer) _____ for the tax(es) [penalty] at issue in this case] [the discharge of (describe fund or property involved) _____ from the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case.^{6/}

[(This office) (The United States Attorney) will be responsible for collecting and monitoring the receipt of the (lump sum) (initial) (and) (installment) payment(s) called for under the settlement and will direct deposit the payment(s) for transfer to the Internal Revenue Service account.] [Payments due under the collateral agreement will be sent directly to Special Procedures.] [The taxpayer has been directed to send all installment payments after the first installment payment [and payments due under the collateral agreement] directly to Special Procedures.] [A copy of our letter advising Special Procedures of the settlement is enclosed.)

^{6/} A lien should be released only when the tax liability is going to be totally extinguished as the result of the settlement. On the other hand, property should be discharged from the lien when the lien will no longer attach to that property as the result of the settlement, but will otherwise remain in full force and effect.

[This offer, a copy of which is enclosed, was not submitted for your views inasmuch as by letter dated _____, you (reclassified) (referred) this matter under the settlement option procedure.]

The administrative file(s) [(is) (are) returned herewith] [(has) (have) been forwarded to Special Procedures].

Sincerely yours,

[NAME OF ASSISTANT ATTORNEY GENERAL]
Assistant Attorney General
Tax Division

By:

[NAME OF CHIEF OF SECTION
Chief, _____ Section

Enclosures

cc: Special Procedures

[April 1995]

Acceptance Letters--Payment Due the United States under the
Compromise

Letter to Special Procedures

Re:

Your ref: CC:

Dear Mr./Mrs./Miss/Ms. [Name]:

There are enclosed one copy each of our letters of this date advising the [proponent] [United States Attorney] and [District] [Chief] Counsel, Internal Revenue Service, of the acceptance of the offer in the above-entitled case. There (is) (are) also enclosed one copy (each) of the offer dated _____ [and the amendment(s) dated _____].

Under the terms of the settlement, (name of taxpayer and SSN or EIN _____ is to pay (set forth payment terms) _____

_____.

[The settlement is (to be) secured by a judgment in the amount of \$_____, plus interest from the date(s) of assessment to payment, (which was entered by the court on _____) (which will be entered shortly). (A copy of the judgment is enclosed.) (We will forward you a copy of the judgment after it has been entered.)]

[Pursuant to the settlement, (name of taxpayer) _____ [has executed] [will execute] a future income collateral agreement [, one copy of which is enclosed]. [We will forward you a copy of the collateral agreement after it has been executed by (name of taxpayer) _____].]

Payments received pursuant to the settlement [including the collateral agreement] are to be credited against (describe liability) _____

_____.

(Name of taxpayer) _____ has been directed to send [all installment payments after the first installment payment] [and] [payments due under the collateral agreement] directly to Special Procedures, which will be responsible for monitoring [these payments] [and] [the collateral agreement].

[(This office) (The United States Attorney) will be responsible for the (lump sum) (initial) (and) (installment) payment(s) called for under the settlement, and will direct deposit the payment(s) for transfer to the Internal Revenue Service account.]

Please advise (this office) (the United States Attorney) when all amounts due under the settlement [including (accrued interest) (and) (all amounts due under the collateral agreement)] have been paid. Please immediately advise this office in the event of any default or if the taxpayer requests any modification of the settlement.

OR

[We are closing our file on this case at this time and referring the case to your office for monitoring of [payments] [, including] [payments due under the collateral agreements].] Please immediately advise this office in the event of any default or if the taxpayer requests any modification of the settlement.]

If you have any questions concerning this matter, please contact (name of litigating section attorney and telephone number) _____.

Sincerely yours,

[NAME OF ASSISTANT ATTORNEY GENERAL]
Assistant Attorney General
Tax Division

By:

[NAME OF CHIEF OF SECTION]
Chief, _____ Section

Enclosures

cc: [District] [Chief] Counsel

United States Attorney

[April 1995]